



6705 Sugarloaf Parkway, Suite 200
Duluth, GA 30097
(770) 476-9625 • (800) 768-4282



August 11, 2006

Mary Rupp
Secretary of the Board,
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Re: Changes to the Share Insurance Official Sign

Dear Ms. Rupp,

The Georgia Credit Union League (GCUL) appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) proposal to amend the share insurance rules as they apply to the official share insurance sign. GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL serves approximately 188 credit unions that have over 1.7 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed regulations such as this.

Background:

The deposit insurance law passed by Congress last year amends the share insurance provisions of the Federal Credit Union Act in the following ways:

- Beginning in 2010, and for each five-year period thereafter, NCUA and the FDIC will jointly consider whether the SMSIA and the standard maximum deposit insurance amount (SMDIA) should be adjusted (the SMDIA is the FDIC equivalent for bank deposits). Congress will have the authority to prevent or limit these increases.
- NCUA will provide "pass-through" share insurance coverage in any employee benefit plan account, which means the insurance coverage will be assigned on a per-participant basis. These accounts include employee welfare benefit plans, employee pension benefit plans, Keogh accounts, and "457 Plans," which include certain deferred compensation plans of tax-exempt organizations, along with State and local governments. Acceptance of employee benefit plan funds are limited to insured credit

unions that are “well capitalized” or “adequately capitalized” under prompt corrective action.

- The share insurance limit for certain retirement accounts will be increased from \$100,000 to \$250,000. These include IRAs and Keogh Accounts. These new limits will also be subject to future inflation adjustments beginning in 2010, as provided for other types of accounts. The interim final rule implements the initial adjustment from \$100,000 to \$250,000.
- Requires changes to the share insurance and deposit insurance official signs to indicate the new insurance limits and that funds are backed by the full faith and credit of the United States Government.

In March of this year, NCUA issued an interim final rule to implement the above changes, with the exception of the changes to the official sign. NCUA has now issued a proposed rule to implement the change in the deposit insurance law that requires changes to the share insurance official sign.

Summary of GCUL’s Position:

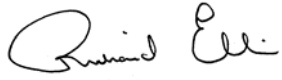
As required under the deposit reform law, the NCUA share insurance official sign will now indicate that share accounts insured by NCUA are backed by the full faith and credit of the United States Government. The sign will also indicate that shares are insured “to at least” \$100,000 to reflect that certain retirement accounts will now be insured up to \$250,000. We do not believe this verbiage adequately describes the available coverage for certain retirement accounts such as IRAs. In addition to this verbiage, we would propose adding a statement regarding the separate limit for IRAs. Proposed verbiage could be “Additional coverage available for Individual Retirement Accounts.”

The proposal has stated that NCUA will determine the reasonable period for insured credit unions to comply with the new requirements to display the official sign after receiving the initial supply from the agency. NCUA has requested comment as to whether 60 days would be a reasonable period. We do not believe 60 days is sufficient. Considering the numerous circumstances that require the official sign be displayed, the dependence on vendors to provide customized signs and images that are utilized by many credit unions, along with the number of instances where current stock (i.e. disclosures, letterhead, envelopes, NCUSIF brochures, etc.) has already been printed and purchased and would need to be depleted, we would propose a timeframe of at least 180 days.

We also believe that the proposed penalty of \$100 per day for violations is excessive and should be removed. Violations, whether intentional or accidental, should be remedied through the administrative process via a document of resolution.

Thank you for the opportunity to comment on the proposal to amend the share insurance rules as they apply to the official share insurance sign. If you have questions about our comments, please contact Cynthia Connelly or me at (770) 476-9625.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard Ellis". The signature is written in a cursive style with a large initial "R" and "E". A vertical red line is positioned to the right of the signature.

Richard Ellis
Vice President/Credit Union Development
Georgia Credit Union League